UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
Washington, D. C.

No. 41

August 25, 1934.

TO FARM JOURNAL EDITORS:

For your use the following information has been prepared.

DeWitt C. Wing   Francis Flood

DeWitt C. Wing and Francis A. Flood,
Specialists in Information

CORN-HOG BENEFIT PAYMENTS TOTAL $45,550,000

With corn-hog checks now going out to cooperating producers at the rate of nearly $2,000,000 a day, total disbursements through August 24 approximated $45,550,000, Dr. A. G. Black, chief of the Agricultural Adjustment Administration's corn and hog section has announced in a preliminary report. This amount represents over one third of the total first installment of approximately $133,000,000 now going to signers of the 1934 corn-hog adjustment contract. The number of checks in which the payments were made totals 480,197.

Approximately one half of all contracts have now been received in Washington by the rental benefit audit section of the Adjustment Administration. A total of 120,606 early payment contracts had been received up to August 23. The receipts of regular payment contracts totaled 447,872. Payments on practically all early payment contracts have now been made.

Preparations for second signatures of contracting producers are going forward on 80 percent of the regular payment contracts still remaining in the country. Checks on early payment contracts have now gone to 436 counties in 16 States. The extent to which producers elected to use the early payment form varied considerably among States. Checks on regular payment forms thus far have gone to 688 counties in 33 States.

There are corn-hog contract signers in all of the 48 States. About 2,200 counties out of the total of 3,100 counties in the United States are listed as taking part in the corn-hog adjustment program.

The preliminary report shows that through August 17 the following corn-hog payments had been made by States:

Alabama,...	$175,994	Arizona ..	$17,168	Arkansas ..	$180,292
California.	347,665	Colorado..	35,572	Florida ...	36,891
Illinois...	657,712	Indiana ..	2,742,038	Iowa.....	8,143,490
Kansas.....	1,333,132	Maryland	36,887	Massachusetts	142,856

Michigan ...	$ 680	Minnesota....	$2,775,426	Missouri.......	$4,847,567
Montana.....	53,259	Nebraska.....	3,796,950	Nevada........	22,313
New Hampshire	1,468	New Mexico...	39,357	North Dakota...	16,652
Ohio........	4,940,270	Oklahoma.....	28,516	South Carolina.	152
South Dakota	1,885,988	Tennessee....	28,214	Texas.........	84,483
Utah........	43,298	Virginia.....	467,645	West Virginia..	54,387
Washington..	224,722	Wisconsin....	1,005,820		

###

ADJUSTMENT PROGRAMS EASE DRAIN ON HAY AND FEED SUPPLIES

The supply of grain per grain-consuming animal unit during the current season, in spite of the drought, will be approximately 6 percent greater and the supply of hay per hay-and-pasture-consuming animal unit will be approximately 17 percent greater than otherwise might have been the case without the net downward adjustment in hog, cattle and sheep numbers and the net increase in forage pasture and hay crop plantings, due to the various commodity adjustment programs now being effectuated under the Agricultural Adjustment Act, according to a recent estimate by Secretary of Agriculture Henry A. Wallace.

The August 15 report on the drought situation, prepared by the Department of Agriculture, shows that approximately 58,101,000 tons of grain will be available to the estimated total of 106,129,000 grain-consuming animal units which will be on hand during the current season. This supply is the equivalent of .55 tons of grain per animal unit, as compared with .66 tons for 1933 and an average of .78 tons for the 1929-33 period.

"Although the various programs are making proportionately greater adjustments on the livestock side of the equation than on the feed side, even under drought conditions, and although this situation will provide a larger volume of hay and grain per animal unit than otherwise likely would have been available, the feed situation remains serious," Secretary Wallace said.

"Debiting the adjustment program with 230,600,000 bushels of corn that otherwise might have been produced on acres now contracted to the Government and crediting it with a total of 330,500,000 bushels which are the estimated equivalent of the net reduction in hog and cattle numbers for which the program is responsible and of the saving in seed corn, it appears that the feed situation is easier by approximately 100,000,000 bushels of corn than otherwise would have been the case. But this is not to say the adjustment program has resulted in a surplus of 100,000,000 bushels of corn this year. Actually, the volume of corn available for all purposes will be somewhat below normal.

"Without the adjustment program, however," Secretary Wallace stated, "farmers probably would not have reduced hog farrowings last spring by more than about 10 to 12 percent. Under conditions identical with those which now prevail, they would have found the variation from normal between pigs saved and corn supplies relatively much greater than is the case at present. As a consequence, there would have been considerable liquidation of unfinished surplus stock, undoubtedly at very low prices. This would have resulted in a severe loss to producers both of labor and money invested in the pigs and of some feed already consumed.

"It is because they averted disordered and expensive last-minute adjustments of this sort that both the emergency pig and sow marketing plan of last fall and the 1934 corn-hog program are commendable. In the same manner, the cattle buying program now under way and the sheep buying program soon to begin will make adjustments sufficiently in advance as greatly to reduce the tension on feed supplies during the coming winter months.

"Perhaps the strongest argument of all for these orderly adjustments under the Act is that farmers who cannot avoid selling livestock because of drought conditions will receive in exchange substantially larger sums of money than they otherwise would have received.

"Excepting for the Government's purchase program, the relatively large volume of cattle moving from the drought-stricken areas soon would have driven prices below the point where they could offset the freight and other marketing costs. Many animals, therefore, would have starved to death on the farm or range because they could not have been sold excepting at a deficit to the owner; the owner, in any case, would have received relatively little reimbursement. From the broad point of view, the aid that is being extended owners of cattle and sheep in the drought areas, through reasonable prices offered for animals, is of general benefit. Without such aid, the buying power of these people would be substantially less, the drain on relief agencies would be greater and a significant number of animals suitable for processing into meat would be lost through starvation during the winter. The people of the United States may be thankful that the 73d Congress passed the Agricultural Adjustment Act, which provides the broad powers so necessary for rapid adjustment in both crop area and livestock numbers and that in its closing days last June the Congress appropriated the substantial sum of $525,000,000 for drought relief, the need for which was not then fully apparent.

"One of the big difficulties in this whole situation is the fact that the reduction in feed production, in some localities on account of drought, is much more severe than the average for the country. Producers in those areas will be obliged to cull herds closely, feed fewer animals for market and finish them at lighter than average weights, rough young stock through the winter on straw and fodder with a minimum of grain and hay, and make unusual efforts to increase production of forage and pasture crops wherever the weather will permit. A much larger proportion of the hay and grain on hand will be utilized during the winter, leaving reserves on most farms next spring even smaller than the small stocks of last spring.

"When total feed supplies are short, however, farmers show rare ingenuity in making every ton and bushel count. In 1930 and again in 1931, for example, when the Corn Belt had two short corn crops, and when all livestock numbers were greater than they are this year, about the average number of hogs were fattened for market. The situation in 1934 is less favorable, of course, because supplies of all feeds are relatively low."

According to summary estimates prepared by the Adjustment Administration, the various commodity adjustment programs, including the cattle and sheep buying programs, reduced corn production this year under what it otherwise would have been by about 230,600,000 bushels, but reduced requirements primarily through livestock adjustment by 330,500,000 bushels, leaving an estimated net

credit of around 100,000,000 bushels of corn. The programs reduced livestock requirements for barley by about 20,000,000 bushels; reduced oats requirements by an estimated net of 25,000,000 bushels through adjustment in hog and cattle numbers; increased the probable hay crop by 3,184,000 tons over what it otherwise would have been, primarily through encouraging planting of hay and pasture crops on the contracted area which normally would not have been planted to those crops, and through reduction in livestock numbers; increased the pasture area by a total of 7,600,000 acres, due to encouragement given new seedings by the commodity contracts, and will reduce the grazing load by a net of approximately 5 percent through the cattle and sheep buying programs; and increased the acreage devoted to forage crops, such as grain sorghums, cow peas, soy beans, broom corn and field corn to be cut for forage and fodder, by an estimated total of about 18,000,000 acres.

According to a preliminary survey, made by the replacement crops section, practically all of the crops grown on the 15,000,000 acres contracted to the Government under the cotton contract otherwise would not have been grown. It is estimated that the hay, pasture and forage crops production on about three fourths of the 8,000,000 acres contracted to the Government under the wheat program and also on three fourths of the 12.6 million acres contracted to the Government under the corn-hog contract, would not otherwise have been produced.

Without the adjustment contracts, much of this land undoubtedly would have been planted to crops which are less drought-resistant than many of the emergency forage crops and which have a more limited growing season.

###

CORN LOANS EXTENDED TO JANUARY 1

A further extension of the Government corn loans functioned by Commodity Credit Corporation, from September 1 to January 1, 1935, provided that borrowers execute and return to the Commodity Credit Corporation a prescribed form of extension agreement by not later than October 1. Officials of the Agricultural Adjustment Administration and Commodity Credit Corporation have made this announcement.

To obtain this extension, borrowers are required to provide satisfactory storage for the corn until March 1935, free of cost to the Government, and, in the event they desire to sell their corn subsequent to September 15, to first offer it for sale at the local elevator market price to such agency of the United States Government as the Commodity Credit Corporation may designate by public announcement.

An extension agreement designated as "C.C.C. Corn Form P" is being printed and a copy will be furnished to each borrower at an early date. If the Commodity Credit Corporation designates no agency of the Federal Government to which the corn is to be offered, or if the agency designated does not accept the borrower's offer immediately, the borrower will be free to dispose of the corn in commercial channels, except that all sales of pledged corn other than to a Government agency require the consent of Commodity Credit Corporation and must be made in accordance with the procedure heretofore approved, it was stated.

Chester C. Davis, Administrator of the Adjustment Act, and a member of the Board of Directors of the Commodity Credit Corporation, in announcing the further extension, said:

> "Farmers who took the 45-cent loans on sealed corn in many instances require the corn for their own feeding purposes, and have the opportunity, under the partial release plan heretofore approved, to obtain such corn as they need for this purpose by paying to the Commodity Credit Corporation 47 cents a bushel for the amount sought to be released.
>
> "The plan announced makes possible the orderly liquidation of the stocks now held under the Government loans, and as the needs become manifest, provides that the Government retain such corn as the borrower does not need for his own use and make it available where the need for it is the greatest.
>
> "It is not the desire of the Commodity Credit Corporation, because of the short crop, to continue indefinitely the holding of this corn nor freeze the stocks accumulated under the loan. The plan announced will make the corn available and at the same time give every consideration to the needs and desires of the individuals who pledged it."

At present, approximately 186,000,000 bushels of corn are sealed on farms and held under the Government loans. The largest amount held since the loans were made available was approximately 270,000,000 bushels.

###

1935 WHEAT PROGRAM AIMS AT BALANCED SUPPLY

At a press conference August 22 concerning the 1935 wheat program, Chester C. Davis, Administrator of the Agricultural Adjustment Act, said that the "sentiment of cooperating farmers as it comes to us favors continued cooperation in productive efforts that will yield a balanced supply for world and domestic markets at a fair farm price."

On August 23 the Adjustment Administration announced its decision to authorize, in connection with the 1935 wheat program, the planting of 90 percent of the base acreage of signers of wheat adjustment contracts.

This course is expected to produce, under average weather conditions and allowing for the normal abandonment of wheat acreage, approximately 775,000,000 bushels of wheat for harvest in 1935. Benefit payments to cooperating producers would total approximately $102,000,000 at the rate of 29 cents a bushel on the domestic allotment of the base production of the cooperating producers, as was announced early in July.

Some 51½ million acres of the Nation's base wheat acreage of 66,000,000 acres, is covered by the contracts which have been signed by producers. Planting of 90 percent, or approximately 46,000,000 acres of this land would be authorized under the plan.

The anticipated national total production of 775,000,000 bushels of wheat, from farms of cooperators and others, together with an estimated carryover of 125,000,000 bushels at the beginning of this marketing year, would provide a total supply of 900,000,000 bushels of wheat to care for domestic consumption, which has averaged 625,000,000 bushels a year in the past, and to leave a total of 275,000,000 bushels available in 1935-36 for export and carryover.

Completion of the legal action necessary to put the program into effect is expected within a few days,

###

DROUGHT RELIEF SEED PURCHASES

More than 2,000,000 bushels of seed had been purchased by the Agricultural Adjustment Administration to the close of business August 21, in its effort to insure sufficient quantities of properly adapted varieties of seed for planting 1935 crops. Cooperating with the Administration in its seed program are the Bureau of Agricultural Economics, the Bureau of Plant Industry, and the Extension Service.

Seed purchased to date includes both spring and winter wheat, oats, barley and flax. Spring wheat purchases top the list, with 1,068,500 bushels acquired. Durum wheat seed purchases amount to 37,300 bushels. The Government has bought 781,000 bushels of oats and 324,500 bushels of barley. Flax purchases to date total 1,500 bushels of seed.

###

DROUGHT RELIEF ORGANIZATION FORMED

A broad organization of the forces of the Department of Agriculture has been completed to handle problems arising from the drought, in cooperation with other Government agencies.

The group charged with the drought relief activities of the Department, called the Drought Plans Committee, represents both new and existing units of the Department, including the Agricultural Adjustment Administration. Its formation marks the end of the stage of emergency organization in the drought work, and incorporates such work in the established major programs of the appropriate units.

Dr. C. W. Warburton, director of the Agricultural Extension Service, is chairman of the new Drought Plans Committee. Other members are H. R. Tolley, director of the Program Planning Division of the Adjustment Administration; D. P. Trent, assistant director of the Commodities Division; Col. Philip G. Murphy, chief of the Commodities Purchase Section of the Division; Dr. Mordecai Ezekiel, economic advisor to the Agricultural Adjustment Administration; Dr. John R. Mohler, chief of the Bureau of Animal Industry; Nils A. Olsen, chief of the Bureau of Agricultural Economics; A. H. Lauterbach, chief of the Dairy Section of the Adjustment Administration; Joseph F. Cox, chief of the Replacement Crops Section; G. B. Thorne, economist in the Corn-Hog Section; Robert C. McChord, assistant chief of the Cattle and Sheep Section.

Members of the Drought Plans Committee serve as chairmen of various sub-committees assigned to make studies and recommendations on specific problems, such as livestock purchases, seed conservation, surveys of supplies, and designation of drought areas. The sub-committees include personnel from various organizations within the Department of Agriculture.

Actions proposed by the Drought Plans Committee and cleared through the office of the Director of the Commodities Division will be carried out by the new or existing units of the Department of Agriculture.

Field work will be handled by the Agricultural Extension Service, headed by Dr. Warburton. It will be carried on through the State and county Agricultural Extension Service organizations. The Agricultural Extension Service has been the major field force of the Adjustment Administration since the establishment of the latter.

Appropriate activities will be assigned to the Bureau of Animal Industry, the Cattle and Sheep Section of the Adjustment Administration, a feed and forage unit to be set up in the Commodities Division of the Administration, and the Commodities Purchase Section.

The coordination of drought relief work carried out by the Government as a whole, including agencies other than the Department of Agriculture, is carried on under the supervision of the President's Drought Committee, consisting of Secretary Henry A. Wallace, Administrator Chester C. Davis, Administrator Harry L. Hopkins of the Federal Emergency Relief Administration, and Governor William I. Myers of the Farm Credit Administration.

The recently appointed Livestock-Feed Committee, meeting regularly to present information and recommendations to the President's Committee, includes the following representatives from the Department of Agriculture: Dr. Calvin B. Hoover, economic advisor to the Agricultural Adjustment Administration; Col. Philip G. Murphy; Dr. C. W. Warburton; W. F. Callander of the Crop Reporting Board; and Dr. John R. Mohler, chief of the Bureau of Animal Industry.

###

COTTON POOL MEMBERS MAY SELL AT OR GET 2-CENT ADVANCE

Members of the 1933 cotton producers pool who hold participation trust certificates will have the opportunity to obtain the benefits of the 12-cent loan plan announced August 21 by the President or may tender their certificates to the pool and receive the market price, it is announced by Oscar Johnston, manager of the pool. In announcing that arrangements are being worked out to apply the 12-cent loan plan to the equities now held by members of the pool, Mr. Johnston issued the following statement:

"Pool members now owe to the pool against cotton, as evidenced by their certification, 10 cents a pound or $50 a bale, plus a carrying charge of 30 cents a bale per month since February 1, 1934. This carrying charge to October 1 will amount to $2.40 a bale.

"When he has been authorized by pool members to do so, the pool manager will borrow from the Commodity Credit Corporation an additional 2 cents a pound or $10 a bale. From this will be deducted $2.40 to cover expenses of the pool to October 1 and the balance of $7.60 a bale will be distributed to pool members who have authorized such action. There are in the cotton pool at present approximately 1,950,000 bales held by approximately 450,000 cotton producers. If all members desire to obtain the 2-cent advance, it will mean that approximately $14,820,000 will be distributed among this group.

"Producers desiring to obtain their full equity in their holdings may tender their certificate to the pool manager who will purchase it on the basis of the market price. When the certificates are purchased by the pool manager, there will be deducted from the purchase price the amount of the pool member's obligation to the pool which, at present, is 10.48 cents a pound or $52.40 a bale. Those pool members who do not wish to obtain the 2-cent advance and tender their certificates for sale to the pool manager, who reserves the right to reject any offer if, in his judgment, marketing conditions do not justify the sale of the cotton covered by the certificates offered to him."

Mr. Johnston further announced that in order to avoid the necessity of having to sell cotton or cotton contracts on the present market to meet the requirements of pool members who desire to cash their certificates, an arrangement had been developed with the Federal Surplus Relief Corporation under which it will purchase cotton for relief purposes. This corporation is expected to require a sufficient amount of cotton to take care of those certificate holders who desire to sell their certificates now. This will move that quantity into consumption without its coming on the open market and without its being hedged. The cotton acquired by the relief corporation will be used solely for relief purposes and will not go into commercial channels.

Mr. Johnston expressed the opinion that a majority of pool members will take advantage of the offer to advance them an additional 2 cents and will continue to carry their pool certificates. "The cotton is being carried at an extremely low cost," Mr. Johnston said, "and the Government is prepared to administer the marketing of the pool cotton in an orderly manner." He further called attention to the fact that in view of the opportunity for holders to obtain an additional 2 cents or sell the certificates to the pool at the market, there was no reason or necessity of the holder's selling his certificate below the cash surrender value.

Necessary forms are being printed to send to pool members within the next few days which they may execute to obtain the 2-cent advance or to sell their certificates.

###

PEANUT GROWERS TO RECEIVE BENEFIT PAYMENTS

Acting Secretary of Agriculture Rexford G. Tugwell proclaimed on August 23 that rental and benefit payments will be made on peanuts, designated by the last Congress as a basic agricultural commodity under the Agricultural Adjustment Act. The payments will be derived from a processing tax, the rate and scope of which will be considered at a public hearing to be held August 31, in the

Internal Revenue Building, Washington, D. C.

J. B. Hutson, chief of the tobacco section, has been designated to work out the peanut adjustment program. The plan provides for diverting a portion of the 1933 and 1934 crop from the shelling to the oil trade, and for adjusting the plantings in 1935.

Under this proposal, benefit payments would be made this season on that portion of the crop diverted to oil, which would bring the returns to growers for such peanuts used for oil to approximately the level prevailing for shelled goods. The contracts would have flexible provisions under which the individual grower could divert a small or large portion of his crop to oil, depending on the prices paid for shelling goods. In addition he would receive rental payments in order to make theadjustment to the desirable production next year. It is expected that the details of the plan will be completed and contracts available to growers before October 1.

Consideration also is being given to a marketing agreement which would supplement the production adjustment program. A conference will be held in Washington on August 30 for the purpose of determining whether shellers and millers desire to enter into a marketing agreement for the coming season.

The average price paid to farmers for peanuts during the last marketing season was 2.9 cents a pound, as compared with 1.6 cents a pound in 1932.

Peanuts are grown commercially in Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas. Approximately 200,000 growers produce around a billion pounds of peanuts annually.

###

RICE GRADING UNDER LICENSE ASSURES FULL PRICE TO GROWERS

The Adjustment Administration has announced that provision for compulsory grading of rough rice has been incorporated in the marketing agreement and license for the Southern rice milling industry, in Louisiana, Arkansas, Texas and Tennessee. An order affecting the marketing agreement and an amendment to the license, signed by Secretary of Agriculture Henry A. Wallace, became effective August 20.

The Administration decided, as a result of last year's experience, to require grading in order to assure growers of rice the full price contemplated by the Secretary. Without proper grading certificates, it was difficult to obtain for producers a price to which they were entitled.

The amendment designates the official Rice Inspection Service of the Bureau of Agricultural Economics of the Department of Agriculture as the governmental agency by which grading shall be done.

###

SUGAR FOR RE-EXPORT NOT CHARGEABLE TO QUOTAS

Acting Secretary of Agriculture R. G. Tugwell has signed General Sugar Order No. 1, which provides that sugar brought into the United States for refining and re-export, for use in the manufacture of other products and their export, or for refining and return to customs custody and control until permitted to be brought in under a quota, will not be charged to the import quota of the country of its origin.

Persons wishing to take advantage of this order will be required to give bond in an amount equal to three times the value of the sugar in order to protect the United States against their failure to re-export the sugar or return it to customs custody and control. This condition follows the provisions of the Costigan-Jones Act with respect to penalties.

The order was issued chiefly to allow cargoes of sugar which have arrived in the United States in excess of the import quotas of the countries of their origin to be refined here and re-exported or to be used in the manufacture of articles for export. The order will also make it possible to minimize losses which arise out of damage to sugar in transit.

###

MILK LICENSES FOR FOUR CITIES AMENDED

Changes in the formula established for the determination of differentials in payment for milk which varies either way from the 3.7 percent standard test on the Boston market, and a provision that permits the market administrator to set up advance reserve funds to facilitate prompt settlement of pool obligations, are the principal provisions in the amendment to the existing license for the Boston milk sales area issued by the Adjustment Administration. Requested by the New England Milk Producers' Association and the market administrator, the amended license was signed August 21 by Acting Secretary of Agriculture Rexford G. Tugwell and became effective August 22.

The amendment provides for a flat deduction of 7 cents per 100 pounds from the average value of the butterfat per pound in 40-quart cans of 40 percent cream of bottling quality, f.o.b. Boston, before any determination of the differential is made. With the 7-cent deduction made, the differential is then based on one tenth of the butterfat price per pound in such cream for each one tenth of 1 percent in the milk test above or below 3.7 percent fat.

Explaining the use of 7 cents as the proper deduction because 95 percent of the milk is delivered to country stations, the statement is made that 20 cents is the average conversion charge per 100 pounds of milk made into cream, and 6 cents per 100 pounds is the average transportation charge. The sum of these two figures is 26 cents, and dividing this by the average fat test of 3.7 gives 7 cents per pound as the allowed deduction for each pound of butterfat. With such a flat deduction on all milk shipments, it is believed that a closer realization of up-country values is attained, when making computations of payments on milk which varies from the standard test.

###

Minor adjustments in the terms of the existing license for the Chicago milk sales area are embodied in amendments to the license issued by the Adjustment Administration, effective August 22. The proposed changes in the terms of the license have been pending for some time and have no connection with the present negotiations respecting further amendments to the license requested by the Pure Milk Association.

The amendments to the license provide that the market administrator may deduct from the pool fund an amount of money needed for the maintenance of a proper reserve fund against failure or delay on the part of distributors to make their payments on the general adjustment account. Any sums which may accrue in the reserve beyond the necessary requirements will be placed back in the pool and distributed to producers.

The amendments also prohibit distributors from selling milk or buying it from other distributors for Class 1 purposes at less than the established schedule price to farmers for Class 1 milk. Reasonable charges for bottling and other handling services must be included in connection with such purchases or sales. It is also provided that contracts between distributors for the purchase and delivery of milk are superseded by the terms of the license if they are inconsistent therewith.

###

Increases in the Class 1 price for milk amounting to about 24 cents per 100 pounds of 4 percent milk, and a corresponding increase in the minimum resale price per quart, have been completed for producers on the Los Angeles milk sales area by an amendment to the existing license, completed by the Adjustment Administration. The amended license became effective August 22. Class 1 milk will be 61 cents a pound of butterfat instead of 55 cents, and this 6 cents advance means substantially 5 cents per quart of milk f.o.b. distributors' plants on the basis of 4 percent fat. No changes are made in the schedules for Class 2 and 3 milk. Firmer butter markets and higher feed prices in a large portion of the production zone are reasons advanced by producers for the increased price.

The minimum resale price schedule is revised to permit an equivalent increase of about 1/2 cent a quart. No change is made in resale prices on cream. The present delivered retail price is 11 cents a quart. The minimum price per quart at retail in the new schedule is $9\frac{1}{2}$ cents and under the former license it was 9 cents. The wholesale price per quart is increased from 8 cents to $8\frac{1}{2}$ cents, and the price to vendors is changed from $6\frac{1}{2}$ cents to 7 cents a quart. No change is made in the schedule on pints and half-pints of milk. The schedule for bulk milk is changed as follows: 10 gallon lots, $2.55 instead of $2.30; three gallons, 78 cents instead of 70 cents; 2 gallons, 53 cents instead of 48 cents; and one gallon, 29 cents instead of 26 cents.

###

An amended license for the Lexington, Ky., milk sales area, which adjusts certain minor provisions of the existing license to meet practical conditions of the market, will go into effect on September 1. The changes were made at the request of members of the industry, including the Lexington Graded Milk Producers' Association.

Under the license as amended, producers who sell only milk produced on their farms are exempt from the pool price computation and the adjustment fund up to an amount of milk equal to their delivered bases, subject to allocation by the market administrator. All sales over and above their bases must be accounted for at Class 3 prices, according to the actual volume of milk which they sell proportionately in the several classes. If such producers sell any milk to other distributors, they must account for such sales at Class 3 prices also, and the distributorspurchasing the milk are obliged to account to the pool for the difference between the Class 3 price at which they buy it and the higher prices which they receive for it on resale.

A new provision sets 4 percent fat content as the dividing line in minimum resale prices named in the license. The same minimum prices prevail for milk testing 4 percent or more as were formerly applied to milk testing 4.5 percent fat or more. This schedule is 9 cents a quart and 5 cents a pint retail and 8 cents a quart and 4½ cents a pint wholesale. Milk testing less than 4 percent fat will have a minimum price of 1 cent per quart less.

Another change provides that the market administrator may set up a reserve fund in advance from the pool funds to facilitate the handling of adjustment accounts, in the event that any distributors delay in settlement. It is specified that in case this reserve fund becomes greater than necessary for adequate reserves, the administrator may add pro rata sums to the payments made to producers in any delivery period. No change in the established prices to producers is made and none was requested.

###

TULSA, OKLA., MILK LICENSE ADMINISTRATOR NAMED

The Adjustment Administration has named Alfred W. Howard to serve in a temporary capacity as market administrator for the milk sales area of Tulsa, Oklahoma, under the license which became effective on August 21. Mr. Howard is loaned to the Tulsa sales area by the field investigation section of the Agricultural Adjustment Administration. He was for a time administrator on the Evansville, Indiana, milk sales area. His appointment was made upon approval of the agencies on the Tulsa market.

###

COMMERCIAL "BABY" CHICK HATCHING IN JULY

The production of baby chicks by commercial hatcheries in July was unusually light, according to the Bureau of Agricultural Economics. Reports from 104 hatcheries, with a combined capacity of 15,622,000 eggs, indicated a decrease of 56 percent under July of last year in the number of salable chicks hatched. These reports also indicated a decrease of 58 percent in the number of eggs set, pointing to hatchings in August as light as those in July. Of the 104 plants submitting usable reports, 60 stated that, whereas they operated either in full or a part of July last year, they were closed for the entire month this year, in accordance with the program of the National Hatchery Code Committee, which is seeking to eliminate, as far as possible, July and August hatchings. The committee recommended this year that, where feasible, plants be closed for the full two months of July and August.

The only region to show a larger hatch in July than a year earlier was New England. Hatcheries in this area reported an increase of 39 percent in the number of eggs set and 142 percent in the number of salable chicks hatched. A part of the heavy increase in the number of baby chicks hatched was due to a sharp increase in the number of eggs set in June; whereas hatchings for that month were about 11 percent less. Practically all chicks hatched in New England in July were reported to be from broilers to be grown for the late summer and early fall markets. With the number of young chickens raised this year considerably smaller than the number raised last year, and with farmers throughout the Middle West forced to sell a large part of their young stock because of drought and inadequate feed supplies, many producers in the East feel that the early fall markets will bring a good demand for young fancy broilers.

In summarizing commercial hatchings for 1934 to date, the production of baby chicks for the entire country was 11.3 percent less than during the same period last year, which, in turn, was about 8.6 percent larger than the production of the same period in 1932. As hatchings in 1932 were also about 2.8 percent larger than in 1931, the decrease of 11.3 percent in 1934 means a production for that year just about equal to that of 1931. The only section this year to show a larger production in 1933 is New England, with an increase of 33.5 percent. There is a possibility that this increase may be slightly biased on the basis of the group of plants reporting. The past two to three years has witnessed a rather heavy mortality among the smaller hatcheries in a number of the New England States. This means a transfer of business to the larger plants which apparently have been better able to survive the vicissitudes of the depression. To some extent, therefore, the increased output of the larger plants has been offset by a lighter production in the smaller plants. Regardless of this development, however, there has been a tendency for the commercial production of both eggs and poultry in New England to show some expansion during the past few years.

In the East North Central States, which is the second most important commercial hatchery area, a decrease for the season of 18 percent occurred. This was followed by a decrease of 16 percent in the Middle Atlantic States, 13 percent in the Mountain States, 12 percent in the South Atlantic States, 11 percent in the Pacific Coast States, 11 percent in the West-North Central States, and 10 percent in the South Central States. Generally speaking, there was considerable uniformity in the level of decreases compared to last year for all sections with the possible exception of the East-North Central States. To some extent, this uniformity was influenced by the operation of the National Hatchery Code, which was put into effect early in the season, and which has attempted to regulate the hatchery industry so as to develop a more stable relation between the demand for baby chicks at prices above the cost of production and the supply available.

BUTTER OUTPUT BY COOPERATIVE CREAMERIES

The output of creamery butter by farmers' cooperative associations has increased each year since 1926, according to estimates by the Cooperative Division of the Farm Credit Administration, based on reports from approximately 1,500 associations. Of the total production of creamery butter, the percentage produced in cooperative plants has risen from 34.3 percent in 1926 to 36.7 percent in 1933.

"This percentage gain," in the opinion of T. G. Stitts, in charge of dairying, "was brought about not by an increase in the number of cooperative creameries but by an increase in the average volume handled by the cooperatives reporting. Better business management of the cooperative plants and more efficient service to the members undoubtedly are factors in attracting more business to them.

"A large number of cooperative plants are greatly benefited by the use of a regional sales organization in marketing their product. About one sixth of all the butter made in the United States is manufactured by members of five regional cooperative sales agencies. Cooperative creameries are among our oldest cooperative organizations. A number of cooperative plants in the Central West are 40 years old and have been operating continuously."

In 1926 the estimated output of 1,480 associations that reported the making of butter was 497,961,000 pounds. By 1932 production had risen to 608,569,000 pounds, according to reports from 1,484 associations. The 1933 output, as reported by 1,486 associations, was 636,705,000 pounds, an increase of more than 28,000,000 pounds over the previous year.

###